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Author PRESIDENT TAFT

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AT THE BANQUET GIVEN IN
HIS HONOR BY THE AMERICUS
CLUB, PITTSBURG, PA., MAY 2,
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Mr. Chairman and Members of the Americus Club:

It is now a number of years since I had the pleasure of participating in the Grant Day banquet of this Club. But I remember with distinctness the hospitality and enthusiasm of your members, which do not seem to have lost anything in the lapse of years. The toast to General Grant has been assigned to an orator who has shown himself by his magnificent oration how well chosen he was; and I shall not take your time in referring to the great qualities of that silent soldier, which seemed framed by Providence to meet the great exigencies of the Civil War, when our country was apparently in the throes of dissolution—qualities which restored victory to the armies of the Union and brought about the peace which Grant proclaimed and loved so well.

I am greatly indebted to the State of Pennsylvania, to the city of Pittsburg, and to the Americus Club for giving me that gentleman who sits at the head of my Cabinet table, and who, in the exercise of the ability and learning which brought him to the head of your bar and which distinguished his service as Attorney-General of the

United States and as a Senator in the Congress from Pennsylvania, has given wise counsel of the utmost value in guiding the course of the administration, beset with many difficulties. As the law officer of the Government who conducted to a successful issue the greatest of the cases in which the meaning and limitations of the anti-trust act were considered, and who by his successful advocacy called a halt upon the movement which threatened a merger of all railroads in the hands of one syndicate, he took his place among the statesmen of the country, and, while respecting the rights of capital and the great advantage of its efficient organization, was alive to the danger to the public weal which lies in the suppression of healthful competition and in the abuse of the privilege of organization to secure private monopoly and excessive profit.

As the head of the great State Department, having in its charge our foreign relations, Mr. Knox has shown the same capacity for guarding the interests of his clients—the United States and her people—in dealing with foreign nations as he did in protecting their rights against the unlawful encroachments of domestic combinations of capital.

The department of foreign affairs in a government, if it is useful and successful, is not generally very spec-

tacular, and it requires a recital of its work. Its triumphs are peaceful negotiations leading to agreements recorded often, not in the ratification of treaties, but in the acquiescence of correspondence and not heralded to the world as what they often really are—important steps toward the universal peace of nations.

In the first place, I ought to mention that the State Department until this last year has never been properly organized. This was not due to the lack of desire on the part of former Secretaries of State, but it seemed as if Congress had not understood the importance of increasing the instrumentalities of the Department, so that the growing interests of the Government in all parts of the world might be cared for by different divisions, with competent experts in each, entirely familiar with the parts of the globe respectively assigned to them for consideration and action.

Under the appropriations of last year, secured from Congress by Mr. Knox, the Department has now a Division of Latin America, a Division of Far Eastern Affairs, a Division of Western European Affairs, of Near Eastern Affairs, and a greatly expanded Bureau of Trade Relations. In this way it has specialists who have served in each part of the world and know it directly, and who give their whole attention and their specialized

knowledge and experience to our interests in that part of the world. They are at the disposition of American business men and business firms desiring to enter new fields of trade, and are prepared to give unlimited time to the instruction of American representatives, whether new appointees or transferred to new posts.

Under the law of 1906, and with the assistance of Mr. Roosevelt and Mr. Root, a merit system of selection and promotion was introduced into the Consular Service of the United States; and in the spirit in which that reform was projected it has been carried forward in this administration, so that I do not think that there can be any doubt that the consular system of the United States is now on a better basis and more effective for the purposes for which it was organized than ever in the history of the country. In addition to this, under an Executive Order suggested by Mr. Knox a similar system of examination and promotion by merit has been adopted in the Diplomatic Service, reaching up to the grade of ministers, and including all the secretaries and other subordinates of our embassies and legations. This has tended directly to stimulate the ambition of those who are now in the service and worthy to stay there, and to eliminate therefrom the drones and idlers that sought this branch of the service as a sinecure.

For the first time in the history of our country Congress adopted the plan of a maximum and minimum tariff, the maximum being 25 per centum greater than the minimum. Heretofore we had but a single rigid tariff, and in dealing with countries that had two tariffs or three we had no advantage to offer them in securing from them the benefit of the lower rates. The tariff bill was signed the 5th of August, 1909, and, according to its terms, it was required of the Executive—and that means the State Department, with assistance from tariff experts whom the President might directly appoint—to investigate the tariffs and trade regulations of every nation in the world with whom the United States had any commerce whatever, to determine whether in any of these respects there was undue discrimination against the trade of the United States in favor of the trade of some other nation and by negotiation to seek to end it; and if unsuccessful to allow the maximum tariff to go into operation. All this had to be done, and the negotiations to secure the removal of such discriminations as were found had to be completed and proclamations issued announcing the result before the 31st of the following March. The work has been done by Mr. Knox and the State Department, and has been well done. We have succeeded in securing from all

countries substantially their minimum tariff, or, if not their minimum tariff in terms, such concessions as to be equivalent to the benefits under the minimum tariff denied to us.

One hundred and thirty-four proclamations have been issued, attesting the fact that under the present conditions there is no undue discrimination against the trade of the United States by any country with which the United States has commercial relations. Germany has granted to all American products her complete and unqualified conventional or minimum tariff rates, and has abolished her former restrictive regulation which required imports of American pork meats to be accompanied by certificates showing their microscopical inspection in the United States, thereby removing the obstacle which had effectually prevented their entry into the German Empire.

France granted to American products her minimum tariff rates on about 97 per cent of her total importations from the United States, thereby giving equality of tariff treatment, for the first time, to numerous classes of important American commodities, such as agricultural implements and machinery and machine tools; and, in addition, made certain concessions in regard to inspection which were deemed to be equivalent to the

small percentage withheld from us of her minimum tariff.

The Government of Austria-Hungary abolished its restrictive regulation affecting the importation of American pork meats, so that these products henceforth will be admitted when accompanied by the ordinary federal certificates of inspection.

Greece reduced by one-half her former high duties on lubricating oil and cotton-seed oil, both largely imported from the United States, while Brazil added several commodities to the list of American products entitled to the preferential reduction of 20 per cent. Other countries have made specific improvement in their laws and practices affecting the American export trade as the direct result of these negotiations.

With Canada there was a grave question as to whether the extension to many other countries of the benefit of the rates of the reciprocity treaty between Canada and France, which are from $2\frac{1}{2}$ to 5 per cent less than the so-called normal rates charged against imports from this country, was not an undue discrimination against the United States. To avoid this result, Canada reduced the tariff on some thirteen numbers, embracing substantially all those articles in respect to which there was any competition between the United States and the favored

nations in the Canadian market. The Canadian settlement was accompanied by an exchange of notes indicating the willingness on the part of each Government to enter into future negotiations looking to closer commercial relations between the United States and Canada. It is the view of the administration that a peculiar relation existing between Canada and the United States, with a boundary line of 3,000 miles in extent between them, justifies a different policy as to imports and exports between the two countries from that which obtains in regard to European and oriental countries, and that if, by reciprocal arrangements, we can make the commercial bond closer it will be for the benefit of both nations.

Several treaties negotiated by Mr. Root in the previous administration for the settlement of long-standing controversies with Canada have now been ratified, and the peaceful adjustment of our commercial relations was a fitting climax. They all constitute the establishment of greater friendliness between the United States and her rapidly growing and very prosperous neighbor to the north than ever before in the history of the two countries.

The example set by the last administration, with Mr. Root at the head of the State Department, in cultivating good relations with all the South American and

Central American Republics has been followed closely by Mr. Knox and the Department under him. I say this deliberately for the purpose of meeting suggestions and criticisms that there has been a departure from such policy, and I venture to affirm that never before in the history of the country have our relations with South American and Central American Republics been more friendly than they are to-day.

We have just appointed a commission of men of the highest character and ability to represent us at the Fourth Pan-American Conference, to be held at Buenos Aires on this the one-hundredth year of the independence of most of the South American Republics. We have signified our sense of the importance of the celebrations of their one-hundredth anniversaries which are to take place in the various South American countries by delegating some of our most prominent citizens to attend as special representatives of the United States. We have just celebrated with proper form, suited to the importance of the occasion, the dedication of the beautiful building in which is housed the Bureau of American Republics, to act as a clearing-house and to facilitate exchanges of opinion and trade and good will between all the Republics of this hemisphere.

By tact and diplomatic guidance a war between Peru

and Bolivia was avoided, and not a little of the credit for reaching an honorable and pacific settlement was due to the sensible and straightforward suggestion of our Secretary of State. Again, through the same assistance, an obstacle to the taking part by Bolivia in the Pan-American Conference at Buenos Aires has been removed.

The boundary dispute between Costa Rica and Panama was lately settled by the friendly offices of Secretary Knox, and a convention signed providing for arbitration by the Chief Justice of the United States.

Relations between Peru and Ecuador are at present strained, due also to a boundary dispute, in which acrimonious feeling has been developed on both sides, and in regard to which our peace-making Secretary of State is bending his energies to bring about a solution honorable to both parties.

The fact that in respect to the claim pending against one of the South American Republics our State Department took a firm stand and insisted on a settlement is not to be regarded in the slightest degree as an evidence of our lack of friendship for that Government or our earnest desire to maintain the friendliest relations with all South America. But a Secretary of State of the United States would be recreant to all the proper rules governing

his duty if he neglected the just rights of American citizens in dealing with any country, however important her friendship.

The course of our State Department with respect to certain small Central American States has been subjected to criticism, which to me seems wholly unwarranted. Turbulence and unstable conditions in Central America have been a perennial occupation to the Department of State. By the Washington conventions, to which the United States morally has the relation of a party, it was sought to guarantee the neutrality of Honduras, because it has always been felt that a strong and stable Honduras stretching across the center of Central America would contribute more than anything else to the progress and prosperity of the five Republics, the peaceful welfare of which the United States has always promoted. Honduras has a heavy foreign debt and its finances are disorganized. American citizens have now an actual interest in the railways and wharves of the country. An American banking house has finally undertaken to refund the debt, rehabilitate the finances, and advance funds for railway and other improvements contributing directly to the country's prosperity and commerce. Such an arrangement has long been desired and our State Department is cordially supporting the project.

The great disturber of Central America in recent years has been Zelaya, the tyrannical and unprincipled President of the Republic of Nicaragua. With respect to every plan for the promotion of pacification and friendly relations between the five Republics, he played the part of marplot. When his brutal and cruel exactions drove a part of the people of Nicaragua into rebellion and an extended civil war, he violated the laws of war and the rights of American citizens who had regularly enlisted in the ranks of the revolutionists by taking their lives. He thus gave a right to the Government of the United States to demand reparation and, by reason of the character of his Government—exemplified by this cruelty toward American citizens—to withdraw all diplomatic relations by a letter of Secretary Knox which gave full reasons therefor, and which notified the contending forces in Nicaragua that the United States would hold each one to strict accountability, were the rights of American citizens further outraged. American forces were sent to both coasts of Nicaragua to be in readiness if occasion should arise to protect Americans and their interests. It is undoubtedly true that the attitude of the United States toward Zelaya so injured his prestige and brought him so clearly to the bar of the public opinion of the world as an international criminal that

he was obliged to abdicate and leave his Government to a better man. It is hoped that the war between the factions is now drawing to a close, and that a far better Government may be established, which shall have regard to the interests of its own citizens as well as of those of friendly nations. The leaders of both factions, Madriz and Estrada, have admitted the unjust character of the killing of Groce and Cannon. This Government must consider at the proper time calling upon the Government of Nicaragua, when one can be recognized, to make such reparation as shall seem to be just for this violation of American rights, and to give adequate guaranties for the future observance and strengthening on the part of Nicaragua of the Washington conventions. Meanwhile, pending the working out of the Nicaraguan situation, we have saved further invasion of American rights and have indirectly accomplished the elimination of Zelaya and of Zelayaism. I think anyone who will analyze the Nicaraguan policy will see that it has brought about its exact and just and beneficent objects.

The elimination of Castro, who was of the class of Zelaya, from the control of Venezuela has enabled us to settle peacefully the claims of our fellow-citizens in that important South American State.

As a confirmation of the friendly relations which now exist between this country and all of South America, Argentine has placed the contract for two battleships and certain additional naval armament, amounting in money value in all to about \$23,000,000, and there is reason to believe that we shall have further contracts of a similar sort placed in the United States by other South American governments. The opportunity to get this business was brought about directly by the untiring efforts of the Department of State, and this could not have been achieved but for the reorganization of the State Department, and by means of a liberal appropriation of Congress, and the consequent energetic direction of the reformed Consular Service and the Diplomatic Service, reorganized last year.

The theory that the field of diplomacy does not include in any degree commerce and the increase of trade relations is one to which Mr. Knox and this administration do not subscribe. We believe it to be of the utmost importance that while our foreign policy should not be turned a hair's breadth from the straight path of justice, it may be well made to include active intervention to secure for our merchandise and our capitalists opportunity for profitable investment which shall inure to the benefit of both countries concerned.

There is nothing inconsistent in the promotion of peaceful relations and the promotion of trade relations, and if the protection which the United States shall assure to her citizens in the assertion of just rights under investment made in foreign countries shall promote the amount of such investments and stimulate and enlarge the business relations, it is a result to be commended. To call such diplomacy "dollar diplomacy," and thus apply to it what is deemed by the authors of the phrase an expression of contempt, is to ignore entirely a most useful office to be performed by a government in its dealings with foreign governments. Such diplomacy gives to the merchants of other countries in the competition for the trade of the world an advantage which their own governments are only too glad to offer to them, and which our Government ought not to deny to her own merchants, manufacturers, and capitalists.

Our trade has grown quite beyond the limits of this country. With an annual foreign trade exceeding \$2,000,000,000, our State Department could not vindicate its existence or justify a policy which in any way withheld a fostering, protecting, and stimulating hand in the development and extension of that trade.

In pursuit of such policy it is often desirable that

the loan of American capital to a foreign government be made. The Government measures its support of the enterprise for which the loan is made, not by the profits of our capitalists but by the broad national advantages to be expected. It is easy in such cases for the Department of State to secure conditions which will insure the benefit to this country, as, for example, if the loan be for public works in stipulations for the purchase of materials in the United States.

There is promised great railway development in the Empire of Turkey, and our State Department is using such proper efforts as it may to assist American contractors and constructors in securing the contracts for the making of these railroads. I need hardly say what a benefit that would confer in the inevitable purchase of materials for the work of construction in the performance of such contracts.

In our agreements with China we have provisions whereby the Chinese Government promises to reform its currency and to abolish likin, a mode of internal taxation which weighs against our trade, and to give a share of railway loans to American capital. Early last year it developed that three foreign Governments were about to conclude a loan to China for the construction of a great railway system in the heart of the Yangtze Valley, and

that the likin revenues were to be hypothecated to the foreign lenders, and that railway materials purchased abroad were to come from the lending countries. It was seen that our direct treaty interests in the likin question would be jeopardized unless American citizens also had a direct interest in these revenues as security for the loan. It was further plain that American manufacturers and merchants would lose an important opportunity and market. As a result of nearly a year's negotiation, American participation in the loan and in the sale of materials for the railroad has been assured.

Again, the representative of a group of American bankers, acting also for an English construction company, secured a contract for the financing and building of a railway from Chinchou north to Tsitsihar and to Aigun on the Amur River, passing from Manchuria through Mongolia and meeting the Russian Trans-Siberian Railway. As this enterprise would open up a large new field in the Chinese Empire and would directly and indirectly benefit both Chinese and American commerce, this Government agreed cordially to give the enterprise the support which it might legitimately furnish to beneficial American enterprises in foreign countries.

In the course of this negotiation Secretary Knox advanced a proposal by which capitalists of Russia,

Japan, and other nations, including the United States, should join in advancing to China the sum necessary to enable that Government to take over the railroads of Manchuria, and to manage them upon a business basis free from all suspicion of ulterior political motives or of discriminations. This proposal has not met with the approval of all the nations to whom it was made, but that it may ultimately be the basis for assuring the peace of the Orient we have not lost hope. The conception of Manchuria as a buffer state in which the railways should be under the control of representatives of all the nations, and not policed by the armies of any, is certainly most useful, and one which if it could be realized would be fruitful of permanent peace. As for the Chinchou-Aigun Railway, the Japanese Government is now prepared to cooperate in its construction, and the enterprise is in a stage of satisfactory negotiation.

The policy of the "open door" was inaugurated by this Government while John Hay was Secretary of State, and had its inception in a note circulated among the powers by him. It has been the intention and purpose of this administration to conserve and maintain that policy as far as possible, and we can not look with satisfaction or quietly acquiesce in a silent defeat of that

policy in the actual measures adopted by any of the governments interested in the Orient.

The Chinese Government and people are passing through a marvelous stage of transition from ancient to modern methods, and in this progressive work of development there is no country to which China looks with more friendly reliance than to the United States. The State Department may, therefore, well foster the use and investment of American capital which operates for the establishment of legitimate American business interests in China and for the welfare of that great Empire and which gives us a legitimate standing in maintaining the integrity of China and conserving her just rights.

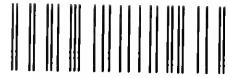
It is the purpose of our State Department to insist upon a respect for the just claims of American citizens, wherever they may be. These can not be sacrificed to any policy. We must use every effort to give a full measure of protection in our own country to the rights of foreigners of whatever nationality or race, and in our dealings with other governments to combine a patient insistence upon our rights with a scrupulous respect for theirs. In this way the great work of making world peace is carried on, and such a course contributes quite as much to this end as arbitration

treaties and other instrumentalities by which in more conspicuous ways war is rendered less and less possible.

Among the direct contributions to the cause of peace I am glad to call your attention to the fact that Secretary Knox has broached to the powers a project for evolving a general Court of Arbitral Justice out of the theory of the Prize Court Convention drawn up at the last Hague Conference. The proposal has had a most sympathetic reception from many of the powers, sufficient, we hope, to secure its success, and we feel assured that in the not distant future it will take tangible form and result in a forum always open to all nations, having a confidence in the justice of their respective causes, which will make them willing to substitute, in the settlement of controversies, the deliberate and righteous judgment of an impartial tribunal for the antiquated method of force.

To the record of a year's accomplishments under Secretary Knox in our foreign affairs I think I may properly point with pride, and yet with becoming modesty, for it is his work and not mine. All I can claim is the merit of selecting him for the task.

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